App. F. IX-4

1929-30

File No. 41-29

Previous References

Ser. 80-28 (1-10).

Serial Nos. 1-6, 7a

Later References

Ser. 41-29 (15-17, 22-25)

Ser. 96-30 (1-4).

~~Ser. 96-30-5~~

General and Revenue Secretariat.

Ser. 96-30-5

Serial Nos. Seven

Part B for Nov. 29

SUBJECT

Company to be floated for the manufacture of Artificial silk in Mysore

General and Revenue Secretariat

File No. 3182 3347 3348 23-10 5.50 of 192

Serial No.

Re the Co. to be floated for the manufacture of Art. Silk in Mysore

I subt. below copies of my letter & the 1st Member of Council (regarding the interview Mr P. T. Linton had with me, and the contents of the draft prospectus he showed me) and of the 1st Member's reply to my letter.

It is probable that Mr Linton will come again with a revised prospectus. I shall see if I can get from him a copy of his original draft for purposes of comparison.

Dewan)

WK
7 10 29

JM
22-10-29

Please place in the file the letter received from Mr Faber

WK
23 10 29

WK 23/10/29

Letter of 18th October 1929 from Mr Faber expressing regret for having introduced to Govt a matter undesirable &c.

Submitted for perusal.

28.10.29.

Dewan

File WK 28/10/29
25 10 29

DEWAN'S OFFICE
30. OCT. 1929
No. 1555

Has been seen by 1st Member

I have spoken to the Dewan regarding this letter

WK
28 10 29

Note—Contn. Sheet

WD 01684—GPB—30,000—20-4-29

Office of the Dewan of Mysore,

NOTE.

Dated.....192 .

SEC. & REV. SECRETARIAT
3773
- NOV. 1929
DEVELOPMENT BRANCH

DEWAN'S OFFICE
4 - NOV. 1929
No.

DEWAN'S OFFICE
1 - NOV 1929
No. 3746.

Say (Draft)

Mr. I have the
all
names of Men connected
will be proposed & should
an Advocate sell will
in Mysore & that Mr.
since [illegible] Knight?

M
1-11-29

Refer please,
at once

1.11.29

Mr. P. F. Lyster
" C. Faber

DEWAN'S OFFICE
4 - NOV. 1929
No. 1815

Subd
Messrs. P. F. Linton & C Faber.
A number of others have been
mentioned in the Aff Prospectus,
but there is no evidence of them
having consented to take part.
Mr Faber withdrew from the
proposal and disclaimed all
association with the artificial

General and Revenue Secretariat | File No. | of 192

Serial No.

Silk Co Ltd, & wrote him formally to that effect on the 18th Oct.

I remember that Mr Linton came to the Secretariat with one Mr. Dear the first two or three visits he paid us.

Dewan)

1 11 29

Ent 1/11/29

[The Dewan has informed the Resident accordingly vide copy & D.O enclosed in the file].

6/11

6/11/29

Note—Contn. Sheet

WD 066—GPB—30,000—26-7-29

Vide Li-29—1 (1)

Copy of D.O. dated 4th October 1929 from the Development Secretary to Government to the First Member of Council.

"Mr. P.F.Linton saw me to-day with a printed copy of the draft Prospectus of the "Mysore Rayon Co" which the Artificial Silk Co. intend floating in Mysore. It contained false and misleading statements, made with the obvious intention of creating an impression that the Mysore Government were really at the back of the scheme, and had promised all manner of concessions. The Prospectus began with saying that the Artificial Silk Company had received a formal Notice of Welcome (capitals) from the State; that the Prime Minister and his Colleagues met the representatives of the Co, and passed formal resolutions identifying (I repeat the word used) themselves with the concern and promising to appoint Directors, etc.; that the Dev. Secy. had inspected the plans and approved of them, etc. I pointed out to Mr. Linton that these statements were untrue, every one of them; and that if he got a single share on the strength of them, he would render himself legally liable. I told him that Government could not for a moment countenance -- or even tolerate -- such conduct and that it would be incumbent on them to denounce it. Mr. Linton gathered up his papers -- with a muttered explanation that his London Solicitors had made the mistakes, and that he was neither art nor part of the matter -- and took them away saying that he would revise them so as to contain no statement about Government and resubmit them. My attempt to secure a copy of the precious document as it stood was unsuccessful.

I have no doubt that the object of this person and his associates is to create an impression that they have secured valuable concessions -- including some sort of partnership or guarantee -- from Government, and to get money from unsuspecting people. The whole business strikes me as an audacious swindle.

Mr. Linton's behaviour, as I pointed out the false statements relating to the alleged part Government had agreed to take

take in the scheme, was that of a detected impostor. He looked foolish; admitted that the statements were "incorrect"; attributed them to the solicitors, admitted that they were calculated to create a false impression, and finally he gathered up the papers and took them away. I couldn't have got a copy without a scene, and possibly the use of physical force to Mr. Linton, for which I did not think there was justification.

I have considered it my duty to apprise you of the facts. These men may change their language, but not their heart; and I think they are out to swindle.

With respect."

D. O. No. 47 Confidential

PUBLIC OFFICES,
SESHADRI HOUSE, MYSORE.
5th October 1929.

Veri. 41-29-2.

Dear Sir,

I have received your letter of yesterday regarding the draft Prospectus of the "Mysore Rayon Company" which Linton showed to you. I have always had my suspicions about the bona-fides of the concern of which Linton professed to be the representative, and what is contained in the Prospectus only confirms them. I agree with you in thinking that it is not right for Government to be associated with this business. The people interested in this concern are likely to abuse and exploit their association with Government in one form or another. I think it is necessary that the whole position should be explained to the Dewan and you may do so when you come here. I do not think we need take any action for the present. Linton and others associated with him must apply to us for facilities and concessions if they are serious in starting the concern and we can then say what we wish to say. If they publish the Prospectus in London and invite shares on the strength of incorrect ~~and~~ or misleading statements made in it, we shall have to disown our association with the concern and our Trade Commissioner in London may be requested to be on the look out for any such publication on the part of the projected ~~scheme~~ Concern. When you go to the Dewan, you may require your letter to me to refresh your memory of what you read in the Prospectus, to explain the case to him and I shall give it to you when you want it.

Yours sincerely,

M. V. Krishna Rao

N. Rama Rao, Esq., B.A., B.L.,
Secretary to Government,
Development Departments,
Bangalore.

EASTERN ARTIFICIAL SILK COMPANY, LIMITED

(INCORPORATED IN GREAT BRITAIN)

LONDON OFFICE: 4, LONDON WALL AVENUE, E.C. 2

Serial 41-29-3

TELEGRAPHIC ADDRESS:
"SILKSTAR," BANGALORE

CODES USED:
BENTLEY'S A.B.C. 5TH & 6TH

[redacted]:

Ref. No. D/O 1042.

Bangalore, 19

Hotel Metropole
Mysore.
14-8-29.

DEV. SECRETARIAT
3347
17 OCT 1929
DEVELOPMENT BRANCH

N.Rama Rao Esq. B.A.,B.L.
Secretary to Government, Development Dept.
Mysore.

Sir,

We have the honour to state that since we had the pleasure of an interview with you and the Dewan of Mysore at Bangalore, we have been able to print a preliminary draft proppectus which sets out the general lines on which it is intended to constitute the Company and on which we would ask the favour of an unofficial interview.

This mill will be the first Silk Mill in India, and the industry once started and proved successful is likely to lead to very wide development in Mysore and will be followed by extensions to meet the domand for the goods produced.

As the intention from the commencement has been to produce the goods in India, and thus secure part of the crores of rupees that now annually leave this country for the purchase of these goods, we find that in following this policy if the Company is registered in London, the profits will be subject to the British Income Tax of 20%.

We therefore think that while the Board of Directors and Secretary be in London, that the Company should be registered in India, which would avoid the aforesaid heavy tax and also reduce the cost of the preliminary expenses.

Another point is that one quarter of the Capital has already been taken in London and on the Continent before we had an opportunity of broaching this subject in India, and inasmuch as the Govt. of Mysore has been so very helpful to us in our research work and in providing facilities we feel it only right that we should ask you whether we are to reserve any portion of the shareholding for the people of Mysore before accepting further applications of Foreign Capital.

A copy of this letter has been sent to the Dewan of Mysore for information.

Yours obediently,

P.F. Lawton

2353/47/10

HOTEL METROPOLE,
MYSORE.

SAVOY HOTEL, OOTACAMUND.
SAME MANAGEMENT.

GTO 1043.

OFFICE OF THE DEV. BRANCH
3348
17 OCT. 1929

6 Secret 41-29-G

15th October 1929

Subject for info 1st Member

Dear Mr. Rama Rao,

The reply to your inquiry as to whether we had any of the Preliminary Draft Prospectus, I regret to inform you that the few copies we had, were torn up after the alterations were made.

Yours Sincerely.

P. F. Gilkison.

NOTE—Contn. sheet

General and Revenue Secretariat. | File No. of 192 .

MR. N. RAMA RAO, B.A., B.L.,
Secretary to Government,
Development Departments.

BANGALORE,
Dated.....192 .

SEC. & REV. SECRETARIAT
3370
19 OCT. 29
DEVELOPMENT BRANCH

Ser-41-29-5

Dear Sir,

Mr Faber is with me now, and he is telling me some things (making revelations I might almost say) which I am sure will interest you.

Could you find half an hour to see him? I could bring him over. He seems a very different kind of man from Mr. Linton.

Yours sincerely
N Rama Rao

Rajakeeya prasakta
Dewan Bahadur
M N Krishna Rao Esq BA

NOTE—Contn. Sheet.

WD 01714—GPB—30,000—18-4-28

Has been seen by 1st Member

Hotel Metropole
Mysore
18-10-29.

N. Rama Rao Esq. B.A, B.L.
Secretary to Government, Development Dept.
Mysore.

Veri: 41-29-6

REV. DEPT. 3402 20 OCT 1929 DEVELOPMENT BRANCH

Sir,

Further to our conversation of last evening and my interview with the Minister of Finance at which I explained fully the circumstances under which I came out here in connection with the Artificial Silk Proposition, I wish to place on record my regret to the members of the Government that I should have been introduced to them under such undesirable auspices, and further to inform them that I am writing to The Eastern Artificial Silk Co. Ltd. and to Mr. P.F. Hinton disclaiming any further connection with them and forbidding them under any circumstances to make use of my name, or that of my firm "The Anglo Dutch Engineering Co Ltd".

At the same time, having seen for myself the many natural advantages offered by the State of Mysore for the successful

N. Rama Rao Esq. (cont.)

operation of an Artificial Silk factory – and having spent considerable time and money on investigating the proposition – I am naturally loathe to drop the matter and intend pursuing it further on my own account.

Before leaving India I will accordingly communicate further with you to inform you as to whether or not I have been able to make any further progress.

Finally I would thank you Sir, and your many colleagues whom it has been my good fortune to meet, for the assistance given and the very kind reception always accorded me.

Yours Sincerely,

Graham

WD 066—GPB—30,000—26-7-29

Secy 41-29-7(a)

19th October

Dear Sir,

I write to acknowledge, with thanks, receipt of your letter dated the 18th instant, dissociating yourself and your firm from the Eastern Artificial Silk Co. and Mr. P.F.Linton.

I look forward with interest to the further communication you have proposed to make before leaving India.

Yours sincerely,

Jubbulpore
Hotel Metropole

NOTE—Contn. sheet

WD 021—GPB—30,000—21-8-28

No. 1729.

6th November 1929.

My dear Mr Pears.

I find from the office papers that Messrs. P. F. Linton and Dear were the only persons who saw us in connection with the Artificial Silk Co. Ltd., Mr. Faber appearing towards the end. I only saw him once and the Secretary two or three times, I think.

Yours Sincerely.

Sd. M. M. D.

The Hon'ble
Mr. S. E. Pears, C.S.I., C.I.E.,
Resident in Mysore,
Bangalore.